

Jeni Klugman, PREMPO



Origins of PRSPs

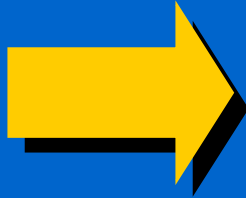
- Global deterioration of poverty and inequality
- Pressure on IFIs to combine debt relief with heightened poverty impact



- In September, 1999, a new framework for poverty reduction was endorsed by the Bank and Fund
- Poverty Reduction Strategy Papers (PRSPs) are to provide the basis for concessional assistance from the Bank and Fund as well as debt relief under the HIPC initiative

Building a PRSP: Core Principles

PRSPs are to be based on the principles of the Comprehensive Development Framework (CDF)

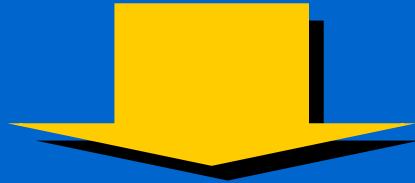


PRSPs should be:

- Country-driven
- Results oriented
- Comprehensive in scope
- Partnership-oriented
- Long term in perspective
- Participatory

Building a PRSP: Key Steps

There is no blueprint for a PRSP.
But there are *three key steps*:



- Understanding the features of poverty and the factors that determine it
- Choosing public actions which have the greatest impact on poverty
- Identifying indicators of progress and monitoring them in a participatory manner

• • • **Implications of Core Principles**

A PRSP should have:



comprehensive poverty diagnostics



clearly presented and costed priorities for macroeconomic, structural, and social policies



appropriate targets and indicators for monitoring progress



a description of the participatory process that was used

Interim Steps

Potential constraints

- Capacity and skills within countries
- Tensions between speed and ownership and quality



Introduction of an Interim PRSP (I-PRSP) to avoid delays. Features of I-PRSPs:

- Country ownership
- No minimum threshold for consultation

Content of an I-PRSP

Stock-take

- A statement of the government's commitment to poverty reduction
- The extent and patterns of poverty
- The main elements of its existing poverty reduction strategy, including participatory processes undertaken

Roadmap

- A time-line and a description of the consultative process by which the full PRSP will be developed
- A program of work to fill in identified gaps in poverty data and policy analysis
- A macroeconomic framework and policy matrix



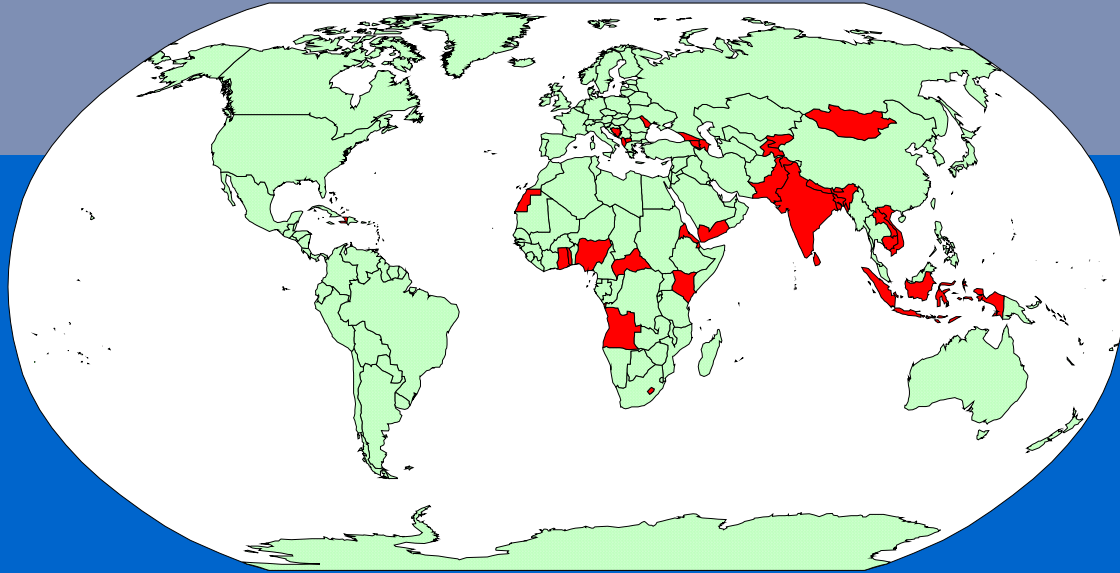
•
•
•

Scope and time-frame

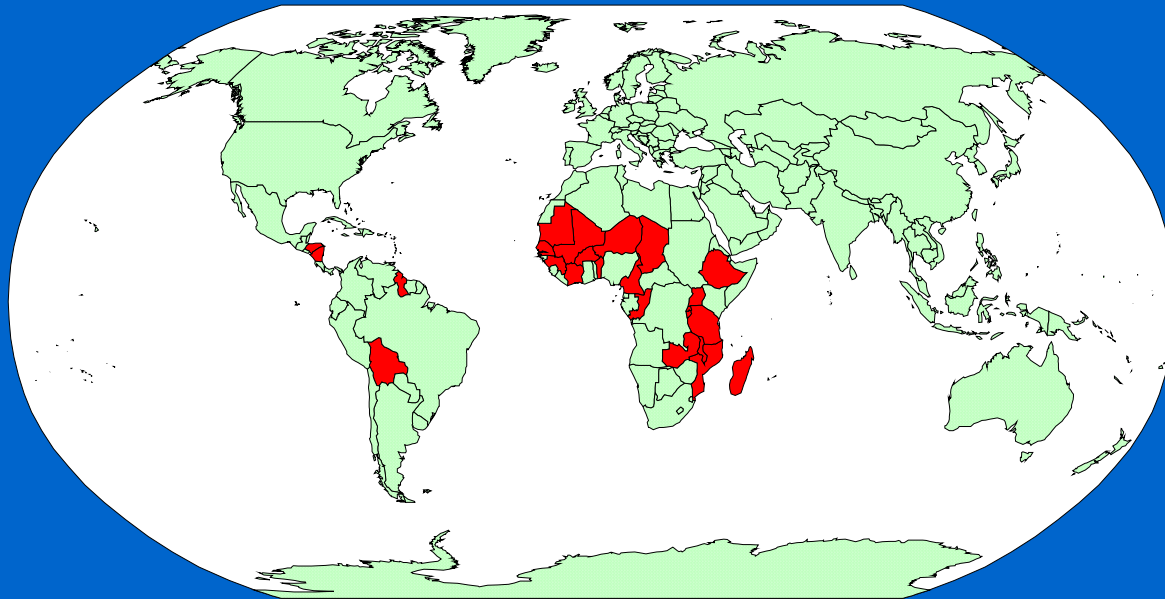
- Large number of low income countries over the next two years
 - about half (mainly in Africa) due to HIPC
- Also a number of middle income countries at the national and sub-national levels
 - North Eastern Brazil
 - Guatemala

IT IS NOT JUST A HIPC THING

Non-HIPC
PRGF/IDA
countries
(includes IDA
blends)



HIPC
countries



Links with HIPC and PRGF

- HIPC brings a political imperative
 - 20 countries reaching decision point by end 2000
 - Donors want to see how “additional” resources are being spent
 - poverty funds, one such vehicle
- PRGF brings timing constraints

What's different for the Bank?

- PRSP replaces the PFP, as umbrella for the CAS.
 - After July, 2002, all IDA CASs must be based on a PRSP
- Relations with the IMF: Fund: macro and “macro related structural”, and Bank: structural, social and institutional. Bank to assess poverty impact of all government policies (including macro program design)
 - Note differences in Fund approach -- eg, consideration of deficit after grants; streamlining of conditionality
- Scope for a shift to adjustment lending to support the medium-term government program, reforms and institution building articulated in the PRSP.

What's the reaction ?

- Welcomed by low income countries; more work, but opportunity to take the lead in influencing partners. eg Tanzania's PRSP

“Flows outside the budget need to be progressively realigned & rationalised to reflect PRSP priorities

(i) information flows

(ii) focus of external support

— Shift from projects to sector wide approaches”

- EDs -- and donors -- so far very positive, but questioning whether the Bank can deliver

Experience in the Boards to date

I-PRSPs

- Albania
- Benin
- Bolivia
- Chad
- Ghana
- Honduras
- Kenya
- Mali
- Mozambique
- São Tomé and Príncipe
- Senegal
- Tajikistan
- Tanzania
- Zambia

PRSPs

- Burkina Faso
- Uganda
- Tanzania



About 30 more countries will complete I-PRSPs by mid-2001; ten or more countries will have prepared full PRSPs

•
•
•

Encouraging Developments

Country Ownership and Commitment



Country initiative in preparing I-PRSPs and PRSPs, and commitment to poverty reduction has been strong (Honduras, Mozambique, Uganda).

However, I-PRSPs drawn largely on existing programs and it is too early to draw firm conclusions regarding ownership and commitment.

Building on prior work



The effectiveness and sustainability of strategies are considerably enhanced when embedded in existing arrangements for program costing and budgeting. See, for example, Uganda and Tanzania.

Policy priorities



Some common priorities have emerged, including -- broad-based growth, social sector investments, rural development, targeted programs for women and children. However, certain countries, e.g., Tajikistan, need to think more about priorities. For most IDA countries, effective implementation presents a key challenge.

Building Support: Vietnam Example

Government built support for the PRSP among various stakeholders through an open process, with strong participation from groups outside government and external inputs



- At first, primarily viewed as a document for the Fund and Bank for concessional loans.
 - However as a result of an iterative process involving different levels of government and actors outside government, this view changed
- Government's IPRSP team synthesised various inputs into a coherent vision for growth and poverty reduction in the medium term
 - Became to be regarded as the core reference document in Vietnam's relations with the donor community

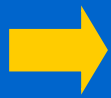
Emerging Concerns

Data Issues



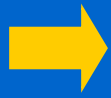
Out-of-date or limited household survey data is a problem for many countries (Albania, Chad, Senegal, Tanzania). A general problem is the lack of gender disaggregated data.

Participation



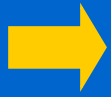
Considerable variance in the extent and quality. Uganda is notable for broad consultations across the board. However, participatory processes in Burkina were much less comprehensive.

Costing Issues



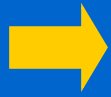
Detailed costing is not expected at the I-PRSP stage. For full PRSPs, the costs of certain inputs, and the relationship between inputs, outcomes and targets have proven difficult to estimate. The Boards highlighted forthcoming costing issues in several IPRSP discussions including Benin and Tajikistan.

Fiscal Issues



Fiscal transparency and accountability require improvements across the full range of budgetary and financial management practices.

Policy Integration



Full PRSPs are expected to integrate a fully costed poverty reduction strategy into a consistent macroeconomic framework. This is a considerable challenge due to complex linkages between the two and unreliable data.

-
-
-

Underlying Tensions

- Speed vs. Ownership and Quality
- Comprehensiveness vs. Prioritization
- Content vs. Process
- Framework for the Fund and Bank, or for all donors

Sourcebook for Poverty Reduction Strategies

- A reference (“encyclopedia, not a bible”), to bring together what is known about core techniques and the links between sectoral strategies/ interventions and poverty
- Guidance on both the process and the steps needed to prepare/strengthen the content of a PRS
- Modes of dissemination:
 - hard copy; CD and on the web
 - in five languages

A Sourcebook for Poverty Reduction Strategies

Preface

1. Overview

Part I: Core Techniques

- 2. Organizing Participatory Processes
- 3. Poverty Data and Measurement
- 4. Monitoring and Evaluation
- 5. Public Spending

Part II: Macro and Sectoral Approaches

- 6. Macroeconomic Issues
- 7. Pro-Poor Growth
 - 7.1. Role of Structural Reform
 - 7.2. Integrating into the Global Economy
- 8. Rural Poverty
- 9. Urban Poverty
- 10. Human Development
 - 10.1. Social Protection
 - 10.2. Health
 - 10.3. Education
- 11. Private Sector and Infrastructure
 - 11.1. Energy
 - 11.2. Transport
 - 11.3. Water
 - 11.4. Information and Communication Technology
 - 11.5. Mining

Part III: Cross Cutting Issues

- 12. Governance
- 13. Community Driven Development
- 14. Gender
- 15. Environment
- 16. Statistical Capacity Building

sourcebook table of contents
available at the web address: <http://www.worldbank.org/poverty/strategies/sourcons.htm>
Please send any comments or requests to: prsp_sourcebook@worldbank.org